

DEPARTMENT OF COMMERCE FINANCIAL MANAGEMENT FIVE-YEAR PLAN (1999 - 2003)

1. Improve Financial Accountability

In compliance with the Government Management Reform Act of 1994 (GMRA), the Department produces a consolidated financial statement annually. To accomplish this, 17 Commerce reporting entities produce annual financial statements under the provisions of the Chief Financial Officers Act of 1990. The Department considers the preparation of financial statements a significant achievement. And, we are continuing to correct long-standing audit and financial management issues. Commerce bureaus are required to prepare Corrective Action Plans for all material weaknesses and reportable conditions reported by auditors. National Oceanic and Atmospheric Administration (NOAA) also conducts an annual CFO Audit Conference where senior management officials come together to tackle control issues identified in audit findings.

The Department's Office of Financial Management (OFM) and the Inspector General (OIG) have established a system to monitor audit follow-up actions on a semiannual basis. OFM complements and supports bureau efforts to correct internal control deficiencies. The Department plans to continue to reduce the number of internal control deficiencies while issuing timely, unqualified financial statements in the most efficient manner possible.

The Department is also required to submit financial reports electronically to the Department of the Treasury using Federal Agencies Centralized Trial-Balance System (FACTS). This is accomplished centrally by OFM which receives some 66 adjusted trial balances from the bureaus and processes them electronically to Treasury. Treasury is implementing FACTS II for FY 2000. FACTS II is a separate system for reporting budgetary accounts. FACTS II will replace several reports and will be decentralized at Commerce with the bureaus reporting directly to Treasury.

Issuing Financial Statement Planning Milestones:

FY 1999 - OFM establishes bureau liaisons to resolve issues more efficiently and work with bureaus to obtain a clean audit opinion.

FY 2000 - OFM issues 1999 audited Consolidated Financial Statements timely.

- OFM populates corporate database.
- Bureaus issue 1999 audited financial statements timely.
- OFM assists bureaus in implementing FACTS II.

FY 2001 - Corporate database is used to prepare FY 2000 audited Financial Statements.
- Corporate database is used for FACTS submission to Treasury.

FY 2002 - Timely and accurate FY 2001 consolidated and bureau financial statements produced.

FY 2003 - Timely and accurate FY 2002 consolidated and bureau financial statements produced.

Ongoing - OFM monitors and works closely with bureaus to correct material weaknesses and reportable conditions.

- Continue to use audits, surveys, and reviews to monitor bureau operations.

The Department's Accounting Principles and Standards Handbook (Handbook) outlines accounting policy for all Commerce reporting entities and conforms to the Statements of Federal Financial Accounting Standards. The Handbook is established and maintained on OFM's web page as a reference guide in accounting for financial transactions. In addition, a CFO guidance memorandum provides specific instructions for the preparation and submission of annual financial statements. This guidance is prepared pursuant to OMB's Form and Content Bulletin.

OFM works closely with the bureau finance officers to assist in the proper implementation of Commerce standards and guidance. As a result, they have developed a cooperative working environment that helps ensure that quality direction is provided. When specific issues arise, OFM conducts thorough studies using available literature and consults with the central agencies, the Federal Accounting Standards Advisory Board (FASAB), the OIG, and similar organizations to develop the best possible financial management standards.

Accounting Standards Planning Milestones:

Ongoing - Review and comment on FASAB exposure drafts.

- Update Handbook.

- Issue annual CFO guidance to implement OMB Form and Content.

- Research accounting issues and problems.

- Train financial management personnel Department-wide.

The Department established a Government Performance Results Act (GPRA) Task Force to focus on GPRA initiatives and coordinate GPRA activities with all the bureaus. The Department will continue to emphasize integrating GPRA requirements with existing planning, budgeting, program evaluation, and financial accountability processes, which is vitally important to accomplish the purposes of GPRA. The Department of Commerce's Strategic Plan contains a mission statement and a series of goals that focus on the three major program areas: Economic Infrastructure, Science/Technology/ Information, and Resources Stewardship. The GPRA Task Force is currently revising the Strategic Plan and updating the

Annual Performance Plan to focus on the Department's five mission areas: Advancement of Commerce and Trade, Improvement of Scientific Research and Technology, Management and Stewardship of National Resources, Encouragement of Economic and Development, and Collection, Analysis, and Dissemination of Statistical and Technical Information. The mission areas allow for bureaus to show the integration of their program activities and relationships among various Commerce activities.

One barrier to effective use of performance measures is the process of gathering program performance data. The development of appropriate management information systems, as part of the Department's modernization effort, is critical for collecting relevant data, tracking progress in achieving performance goals, and ensuring integrity and accountability for reported performance and outcomes. The GPRA Task Force will be working with bureaus to ensure that adequate systems are in place to collect and report GPRA information as the first Annual Program Performance Report will be prepared.

GPRA Planning Milestones:

Ongoing - Assist OMB & General Accounting Office (GAO) in developing GPRA Implementation Guidance.

- Work with bureaus to refine performance measures and outcomes.
- Serve as contracting agency for the contract with the National Academy of Public Administration for the Performance Consortium.
- Continue work with bureaus on systems to capture GPRA information.

FY 1999 - Work with OMB to refine FY 2000 Annual Performance Plan (APP).
- Complete work with bureaus on linking GPRA goals/costs to mission areas.

FY 2000 - Submit FY 1999 Annual Program Performance Report (APPR) to Congress.
- Submit Revised Strategic Plan.
- Prepare FY 2001 APP.

FY 2001 - Prepare FY 2002 APP.
- Submit FY 2000 APPR.

FY 2002 - Prepare FY 2003 APP.
- Submit FY 2001 APPR.

FY 2003 - Prepare FY 2004 APP.
- Submit FY 2002 APPR.

The Department will streamline reporting requirements by consolidating and/or eliminating various reports required by Congress into a single Accountability Report. The Accountability Report, authorized by GMRA, will present not only the financial condition of the Department,

but also report on the performance accomplishments of the Department in achieving its program mission, goals, and objectives. The Department of Commerce's FY 1999 Accountability Report will include the following reporting requirements: Federal Managers' Financial Integrity Act of 1982, Federal Financial Management Improvement Act of 1996, Chief Financial Officers' Act of 1990 (Consolidated Financial Statement), Inspector General Act Amendments of 1988 (Management Report on Audit Follow Up), and Debt Collection Improvement Act. Although the Federal Reports Elimination Act of 1998 repealed statutory reporting requirements for the Prompt Payment Act, the Department will continue to report this information in the Accountability Report. In an effort to continue linkage from strategic plans, through operations, to performance reporting, the Department also intends to incorporate, in a summary format, certain portions/references of the GPRA Annual Program Performance Report (APPR). Future years Accountability Reports will fully include the APPR.

Management Accountability and Control Planning Milestones:

FY 1999 - Complete and initiate Accountability Report planning and processing.

FY 2000 - Issue FY 1999 Accountability Report.

FY 2001 - Issue FY 2000 Accountability Report including the APPR.

FY 2002 - Issue FY 2001 Accountability Report including the APPR.

FY 2003 - Issue FY 2002 Accountability Report including the APPR.

2. Improve Financial Management Systems

The Department envisions a common, flexible Commerce Administrative Management System (CAMS). The system will encompass all stages of financial and administrative management processes from commitment to obligation, to cost accrual, to disbursement, in a paperless fashion (except as required by law). It will electronically integrate and/or interface the related activities of program managers and financial, budget, acquisition and other administrative personnel; making all the administrative management processes interoperable. The system will interface with other Government administrative systems such as the National Finance Center's Payroll/Personnel System.

The current CAMS initiative addresses the Department's major financial and administrative systems improvement objectives. The goals include upgrading Commerce systems so that they fully comply with Federal laws and regulations (including Y2k compliance) while providing Commerce executives with better financial and performance information to support more informed decision-making.

Due to cost concerns, the Department is limiting its near-term focus to the Acore functionality@ of CAMS. ACore@ CAMS includes the Core Financial System (CFS) and modules for small purchases, purchase cards, time reporting and labor cost distribution. Also included in near-term CAMS projects is the development of a corporate financial database to be used to produce audited consolidated financial statements and FACTS reporting to Treasury as well as a data warehouse to facilitate end-user access to data and reports; and the migration of Economic Development Administration=s (EDA) grant and loan accounting to CAMS. ANon-core@ CAMS modules include Travel, Personal Property, Real Property, Inventory, Sales Order, and Budget

Formulation. The Budget Formulation and Travel modules are currently being developed independent of CAMS, but will be incorporated in CAMS after full implementation of ACore@ CAMS.

Financial Systems Planning Milestones:

Ongoing - Continue to maintain the Census Bureau=s Core CAMS operations.

FY 1999 - Continue NOAA implementation of CAMS Accounts Payable and General Ledger.
- Begin phased roll-out of small purchasing module at NOAA.
- Complete development of corporate financial database.
- Migrate EDA grants and loans accounting to CAMS.
- Migrate International Trade Administration (ITA) to Department of the Interior (DOI) accounting cross-servicing.

FY 2000 - Continue National Oceanic and Atmospheric Administration (NOAA) implementation of CAMS, focusing on Accounts Receivable.
- Implement reporting from corporate financial database.
- Complete National Institute of Standards and Technology (NIST) planning and strategy for CAMS implementation.

FY 2001 - Begin phased implementation of core CAMS functionality at NIST.
- Implement Budget Execution and Time Reporting and Labor Cost Distribution modules at NOAA.

FY 2002 - Begin phased implementation of core CAMS at NIST Financial Accounting and Reporting System (FARS) Bureaus (BEA, ESA, MBDA, OS, OIG and EDA).

FY 2003 - Determine strategy and plan CAMS deployment at PTO and ITA.

3. Develop Human Resources

To improve communication and open dialogue, many of the Department's bureaus have reorganized to establish CFO or similar positions of financial leadership. The Department has formed the Commerce CFO Council which meets monthly to discuss common financial management issues and problems.

To further communicate, the Commerce finance community increasingly relies on the Government-wide CFO sponsored FinanceNet which provides accountants and analysts with Internet access to financial management information. OFM also maintains a Web page with links to sites providing Department-wide access to reports, procedures, policies, and other related

information. The Department also participates in meetings of the Federal Financial Managers Council to address issues that cut across agencies.

Workforce development is enhanced by the Department's Continuing Professional Education (CPE) program. This program requires a minimum of 40 hours of training and development activities per year for each financial management professional.

CFO Organization and Workforce Planning Milestones:

- Ongoing - Continue Commerce CFO Council monthly meetings.
- Continue to actively use Internet for guidance and communication.
- Sponsor professional development seminars and conferences.
- Identify training requirements and core competencies needed by CFO Workforce.

4. Improve Management of Receivables

The Department has substantially reduced its debt portfolio over the last ten years. Debts owed to the Department consist primarily of loans and loan guarantees and disallowed costs on grants. There are also some civil monetary penalties. In FY 1998 the Department's receivables amounted to more than \$200 million. The OIG is currently assessing the Department's compliance with the Debt Collection Improvement Act of 1996 in maximizing collections of delinquent debts owed to the Federal Government, and in reducing losses arising from inadequate debt management. Actual operational responsibilities rest with bureau programs. The Department's policy is that debts 180 days or more delinquent are to be submitted to the Treasury Department for cross-servicing.

Improve Receivables Management Planning Milestones:

- Ongoing - Update Credit and Debt Management Handbook.
- Assist bureaus in monitoring and evaluating their portfolios.
- Transfer delinquent debts more than 180 days old to Treasury cross-servicing.
- Continued participation on Federal Credit Policy Working Group.

FY 2000 - Ensure that all bureaus have written desk procedures for debt collection.

5. Use Electronic Commerce to Improve Financial Management

The Department is working with the Treasury Department and the bureaus to propose and introduce new solutions to some of the old problems in making payments electronically. All of the payment offices of the Department are bureau operations. The bureaus are working to increase: 1) direct deposit for payrolls; 2) the use of Fedwire for payments exceeding \$100,000; 3) ACH for vendor, grant, and travel reimbursement payments; and 4) the use of bankcards for small purchases.

The Department has also been mandated by Treasury regulations to implement a plan to capture and report the payees' Taxpayer Identification Number (TIN) on all payments. This is necessary for Treasury to fully implement its offset program wherein payments to entities that owe the Government delinquent debts will be applied to their debts. In addition to collecting TINs from all payment recipients, payment offices must also collect banking information from all payees for EFT purposes.

The Franchise Fund was established to provide services to Commerce and other agencies on a competitive basis. The Fund currently consists of the Springfield Computer Center and the Department is investigating opportunities to combine other computer centers to achieve greater cost efficiency.

The Department is also planning to implement an EFT collections program to achieve better efficiency in its business practices.

Modernize Payments and Business Methods Planning Milestones:

Ongoing - Increase the use of bankcards.

- Enroll payees and vendors for EFT.
- Obtain payee TINs.
- Update Cash Management Handbook.

FY 1999 - Modify systems to capture and transmit TINs to Treasury.

- Notify all Procurement and Finance personnel of TIN requirement.

FY 2000 - Convert all employee reimbursements to direct deposit.

- Complete study of cost savings opportunities for the Franchise Fund.
- Resolve all payment problems on centrally billed travel accounts.
- Implement EFT Collections Program.

6. Improve Administration of Federal Grant Programs

Commerce administers more than 60 grant and cooperative agreement programs. Communications with state and local governments and other grantees are primarily carried out at the bureau level. The Department is currently planning to shift grant payments to Treasury's Automated Standard Application for Payments (ASAP).

Administer Federal Assistance Programs Planning Milestones:

FY 2000 - Phased implementation of ASAP for grant payments.

FY 2002 - Discontinuation of all DOC grant payment systems.

7. Improve Management of User Charges

The Department's bureaus and agencies provide goods and services to the public under a variety of statutes and regulations. By policy and regulation, these charges must be reviewed biennially and adjusted to ensure that they are consistent with program and legislative requirements and that they are established to recover the full cost of the goods and services.

Manage User Charges Planning Milestones:

Ongoing - Monitor bureaus' biennial reviews of user fees.

FY 2000 - Improve Departmental guidance and procedures on user fee reporting.

Ms. Jean Holcombe
Office of Management and Budget
New Executive Office Building
725 17th Street, N. W.
Room 6025
Washington, DC 20503

Dear Ms. Holcombe:

Enclosed for your information and use is the Chief Financial Officer's Financial Management Five-Year Plan 1999-2003 for the Department of Commerce. This information is being submitted in accordance with Office of Management and Budget (OMB) Circular A-11, Section 52.2. Our Vision Statement was included in the submission of our Chief Financial Officer's Financial Management Status Report and Five-Year Plan 1998-2002 (page vii). Our financial systems inventory will be updated online via OMB's inventory tracking Internet site.

It should also be noted that our 1999 audited consolidated financial statements and other financial management status data will be included in our first 1999 Accountability Report. An updated financial systems structure and the Department's remediation plan required by the Federal Financial Management Improvement Act of 1996 (FFMIA) plan will be submitted under separate cover.

If you have any questions about the plan, please call Larry Tyler of my staff at (202) 482-0217.

Sincerely,

Douglas K. Day
Acting Deputy Chief Financial Officer and
Director for Financial Management

Enclosure